GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:5976
ANSWERED ON:31.08.2001
PROCUREMENT OF TOBACCO
Y.S. VIVEKANANDA REDDY

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Tobacco Board has decided to procure the tobacco produced by unregistered growers at minimum support price;

(b) if so, whether there will be no levying of 40 percent penalty and marketing of tobacco production by these unregistered growers at Tobacco Board Auction plat forms;

(c) if so, the details of directives issued in this regard; and

(d) the extent to which this decision would be helpful to the tobacco growers in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI DIGVIJAY SINGH)

(a) to (c) : Government of India, vide orders issued on May 24, 2001, authorised the Tobacco Board to purchase at MSP the unauthorised crop produced by the unregistered growers of Andhra Pradesh in the 2000-01 season. This was in supercession of Government`s earlier orders issued on March 20, 2001, permitting the sale of the unauthorised crop at the auction platforms of the Tobacco Board, subject to the condition that 40% of the sale proceeds be contributed by every such grower to the Tobacco Fund. The objective was to eliminate the profit element from the unlawful activity of a few growers without subjecting them to unbearable economic hardship, in a year when a considered decision was taken at the express request of the majority of tobacco growers as well as the Government of A.P. to refrain from registering any growers or fixing any crop size. However, in keeping with the interim directions of the High Court of Andhra Pradesh on various writ petitions filed against these orders, the unauthorised tobacco has since been auctioned at the auction platforms of the Tobacco Board, with the growers getting the sale proceeds at minimum support price and the remainder being kept in a separate account pending further orders.

(d) The decision to restrict to MSP the proceeds from the sale of the unauthorised tobacco by A.P. growers in 2000-01 is expected to help in checking the tendency amongst growers to cultivate tobacco without authorisation from the Board in future. The Tobacco Board, on the basis of an assessment of demand, both domestic and international, fixes the FCV tobacco crop size every year.The tendency of some growers to produce in excess harms the interests of the tobacco growing community as a whole since prices fall in situations of excess supply.